

103^D CONGRESS
1ST SESSION

S. 1097

To provide for the establishment of rural development investment zones,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 15, 1993

Mr. DORGAN introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To provide for the establishment of rural development
investment zones, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Rural Development Investment Zone Act of 1993”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. PURPOSES.**

4 The purposes of this Act are to provide for the estab-
5 lishment of Rural Development Investment Zones
6 (RDIZs) to stimulate the creation of new jobs and busi-
7 nesses, to promote revitalization of economically distressed
8 rural areas, and to provide increased economic opportunity
9 for residents thereof, primarily by providing or encourag-
10 ing—

11 (1) tax relief at the Federal, State, and local
12 levels,

13 (2) increased Federal and State assistance,

14 (3) regulatory relief at the Federal, State, and
15 local levels, and

16 (4) improved local services, particularly through
17 the increased involvement of private, local, and com-
18 munity organizations.

19 **TITLE I—DESIGNATION OF**
20 **RURAL DEVELOPMENT IN-**
21 **VESTMENT ZONES**

22 **SEC. 101. DESIGNATION OF ZONES.**

23 (a) GENERAL RULE.—Chapter 80 (relating to gen-
24 eral rules) is amended by adding at the end thereof the
25 following new subchapter:

1 **“Subchapter D—Designation of Rural**
2 **Development Investment Zones**

“Sec. 7881. Designation.

3 **“SEC. 7881. DESIGNATION.**

4 “(a) DESIGNATION OF ZONES.—

5 “(1) DEFINITIONS.—For purposes of this title,
6 the term ‘rural development investment zone’ means
7 any area—

8 “(A) which is nominated by 1 or more
9 local governments and the State or States in
10 which it is located for designation as a rural de-
11 velopment investment zone (hereinafter in this
12 section referred to as a ‘nominated area’), and

13 “(B) which the Secretary of the Treasury
14 (after consultation with the Secretaries of Agri-
15 culture, Commerce, and Labor, and the Admin-
16 istrator of the Small Business Administration)
17 designates as a rural development investment
18 zone.

19 “(2) LIMITATIONS ON DESIGNATIONS.—

20 “(A) PUBLICATION OF REGULATIONS.—
21 Before designating any area as a rural develop-
22 ment investment zone and not later than 4
23 months following the date of the enactment of
24 this section, the Secretary of the Treasury shall

1 prescribe by regulation, after consultation with
2 the officials described in paragraph (1)(B)—

3 “(i) the procedures for nominating an
4 area under paragraph (1)(A),

5 “(ii) the parameters relating to the
6 size and population characteristics of a
7 rural development investment zone, and

8 “(iii) the manner in which nominated
9 areas will be compared based on the cri-
10 teria specified in subsection (d) and the
11 other factors specified in subsection (f).

12 “(B) TIME LIMITATIONS.—The Secretary
13 of the Treasury shall designate nominated areas
14 as rural development investment zones only
15 during the 36-month period beginning on the
16 later of—

17 “(i) the first day of the first month
18 following the month in which the effective
19 date of the regulations described in sub-
20 paragraph (A) occurs, or

21 “(ii) January 1, 1993.

22 “(C) NUMBER OF DESIGNATIONS.—The
23 Secretary of the Treasury may not designate—

1 “(i) more than 100 nominated areas
2 as rural development investment zones
3 under this section, and

4 “(ii) more than 40 nominated areas
5 as rural development investment zones
6 during the first 12-month period beginning
7 on the date determined under subpara-
8 graph (B) and each subsequent 12-month
9 period.

10 “(D) PROCEDURAL RULES.—The Sec-
11 retary of the Treasury shall not make any des-
12 ignation of an area as a rural development in-
13 vestment zone under paragraph (1) unless—

14 “(i) the local government and the
15 State in which the nominated area is lo-
16 cated have the authority—

17 “(I) to nominate such area for
18 designation as a rural development in-
19 vestment zone,

20 “(II) to make the State and local
21 commitments under subsection (d),
22 and

23 “(III) to provide assurances sat-
24 isfactory to the Secretary of the

1 Treasury that such commitments will
2 be fulfilled,

3 “(ii) a nomination therefor is submit-
4 ted in such a manner and in such form,
5 and contains such information, as the Sec-
6 retary of the Treasury shall by regulation
7 prescribe,

8 “(iii) the Secretary of the Treasury
9 determines that any information furnished
10 is reasonably accurate, and

11 “(iv) the State and local governments
12 certify that no portion of such area is al-
13 ready included in a rural development in-
14 vestment zone or in an area otherwise
15 nominated to be a rural development in-
16 vestment zone.

17 “(b) PERIOD FOR WHICH DESIGNATION IS IN EF-
18 FECT.—

19 “(1) IN GENERAL.—Any designation of an area
20 as a rural development investment zone shall remain
21 in effect during the period beginning on the date of
22 the designation and ending on the earliest of—

23 “(A) December 31 of the 12th calendar
24 year following the calendar year in which such
25 date occurs,

1 “(B) the termination date designated by
2 the State and local governments as provided
3 in the nomination submitted under subsection
4 (a)(2)(D)(ii), or

5 “(C) the date the Secretary of the Treas-
6 ury revokes such designation under paragraph
7 (2).

8 “(2) REVOCATION OF DESIGNATION.—The Sec-
9 retary of the Treasury after consultation with the of-
10 ficials described in subsection (a)(1)(B), may revoke
11 the designation of an area if the Secretary of the
12 Treasury determines that the local government or
13 the State in which it is located is not complying sub-
14 stantially with the State and local commitments
15 under subsection (d).

16 “(3) DESIGNATION SHALL NOT TAKE EFFECT
17 UNLESS INVENTORY OF HISTORIC PROPERTIES.—
18 Notwithstanding paragraph (1)—

19 “(A) within 60 days after the date of the
20 designation of an area as a rural development
21 investment zone (determined without regard to
22 this paragraph), the State or local government
23 of such area shall submit to the Secretary of
24 the Treasury an inventory of historic properties
25 within such area, and

1 “(B) the date of such designation shall not
2 be earlier than the date on which such inven-
3 tory is submitted.

4 “(c) AREA AND ELIGIBILITY REQUIREMENTS.—

5 “(1) IN GENERAL.—The Secretary of the
6 Treasury may make a designation of any nominated
7 area under subsection (a)(1) only if it meets the re-
8 quirements of paragraphs (2) and (3).

9 “(2) AREA REQUIREMENTS.—A nominated area
10 meets the requirements of this paragraph if—

11 “(A) the area is—

12 “(i) within a local government juris-
13 diction or jurisdictions which are not
14 central cities of a metropolitan statistical
15 area (within the meaning of section
16 143(k)(2)(B)) and which have a population
17 of less than 50,000 (as determined by the
18 most recent census data available),

19 “(ii) outside of a metropolitan
20 statistical area (within the meaning of sec-
21 tion 143(k)(2)(B)), or

22 “(iii) determined by the Secretary of
23 the Treasury, after consultation with the
24 Secretary of Agriculture, to be a rural
25 area,

1 “(B) the area—

2 “(i) does not exceed 10,000 square
3 miles,

4 “(ii) consists of areas within not more
5 than 4 contiguous counties,

6 “(iii) has a boundary which is contin-
7 uous, or consists of not more than 3 non-
8 contiguous parcels, and

9 “(iv) is located entirely within 1
10 State, and

11 “(C) the area has a population, as deter-
12 mined by the most recent census data available,
13 of at least 1,000.

14 “(3) ELIGIBILITY REQUIREMENTS.—For pur-
15 poses of paragraph (1), a nominated area meets the
16 requirements of this paragraph if the State and local
17 governments in which it is located certify and the
18 Secretary of the Treasury, after such review of sup-
19 porting data as he deems appropriate, accepts such
20 certification, that the area meets the following cri-
21 teria:

22 “(A) DISTRESS.—The area is one of perva-
23 sive poverty, unemployment, and general dis-
24 tress.

1 “(B) ADDITIONAL CRITERIA.—The area
2 meets not less than 2 of the following criteria:

3 “(i) UNEMPLOYMENT RATE.—The un-
4 employment rate (as determined by the ap-
5 propriate available data) is not less than
6 1.5 times the national unemployment rate.

7 “(ii) POVERTY RATE.—The poverty
8 rate (as determined by the most recent
9 census data available) for not less than 90
10 percent of the population census tracts (or
11 where not tracted, the equivalent county
12 divisions as defined by the Bureau of the
13 Census for the purposes of defining pov-
14 erty areas) within the area is not less than
15 20 percent.

16 “(iii) JOB LOSS.—The amount of
17 wages attributable to employment in the
18 area, and subject to tax under section
19 3301, during the preceding calendar year
20 is not more than 90 percent of the annual
21 average of such wages for calendar years
22 1986 through 1990, adjusted as provided
23 in paragraph (4).

24 “(iv) OUT-MIGRATION.—The popu-
25 lation of the area decreased (as determined

1 by the most recent census data available)
2 by 10 percent or more between 1980 and
3 1990.

4 “(4) INFLATION ADJUSTMENT.—In making the
5 determination under paragraph (3)(B)(iii) for any
6 calendar year (the ‘determination year’), the wages
7 for each of the calendar years 1986 through 1990
8 shall be adjusted in the same manner as under sec-
9 tion 1(f) to reflect any increase in the consumer
10 price index between each of such calendar years and
11 the calendar year preceding the determination year.

12 “(d) REQUIRED STATE AND LOCAL COMMIT-
13 MENTS.—

14 “(1) IN GENERAL.—No nominated area shall be
15 designated as a rural development investment zone
16 unless the local government and the State in which
17 it is located agree in writing that, during any period
18 during which the area is a rural development invest-
19 ment zone, such governments will follow a specified
20 course of action designed to reduce the various bur-
21 dens borne by employers or employees in such area.

22 “(2) COURSE OF ACTION.—The course of action
23 under paragraph (1) may be implemented by both
24 such governments and private nongovernmental enti-

1 ties, may be funded from proceeds of any Federal
2 program, and may include, but is not limited to—

3 “(A) a reduction of tax rates or fees apply-
4 ing within the rural development investment
5 zone,

6 “(B) an increase in the level or efficiency
7 of local services within the rural development
8 investment zone,

9 “(C) actions to reduce, remove, simplify, or
10 streamline governmental requirements applying
11 within the rural development investment zone,

12 “(D) involvement in the program by pri-
13 vate entities, organizations, neighborhood asso-
14 ciations, and community groups, particularly
15 those within the nominated area, including a
16 commitment from such private entities to pro-
17 vide jobs and job training for, and technical, fi-
18 nancial or other assistance to, employers, em-
19 ployees, and residents of the nominated area,
20 and

21 “(E) mechanisms to increase the equity
22 ownership of residents and employees within the
23 rural development investment zone.

24 “(3) SUBSEQUENT MODIFICATION OF COURSE
25 OF ACTION.—The Secretary of the Treasury may by

1 regulation prescribe procedures for modifying a
2 course of action within a rural development invest-
3 ment zone under paragraph (1) following designa-
4 tion of such zone.

5 “(e) PRIORITY OF DESIGNATION.—In choosing nomi-
6 nated areas for designation, the Secretary of the Treasury
7 shall give special preference to the areas with respect to
8 which the strongest and highest quality contributions de-
9 scribed in subsection (d)(2) have been promised as part
10 of the course of action, taking into consideration the fiscal
11 ability of the nominating State and local governments to
12 provide tax relief. The Secretary shall also give preference
13 to—

14 “(1) the nominated areas with respect to which
15 the nominating State and local governments have
16 provided the most effective and enforceable guaran-
17 tees that the proposed course of action under sub-
18 section (d) will actually be carried out during the pe-
19 riod of the rural development investment zone des-
20 ignation,

21 “(2) the nominated areas with high levels of
22 poverty, unemployment, and general distress, par-
23 ticularly the areas—

1 “(A) which are near areas with concentra-
2 tions of disadvantaged workers or long-term un-
3 employed or under-employed individuals, and

4 “(B) with respect to which there is a
5 strong likelihood that residents of the area de-
6 scribed in subparagraph (A) will receive jobs if
7 the area is designated as a rural development
8 investment zone,

9 “(3) the nominated areas the size and location
10 of which—

11 “(A) will primarily stimulate new economic
12 activity, and

13 “(B) minimize unnecessary tax losses to
14 the Federal Government,

15 “(4) the nominated areas with respect to which
16 private entities have made the most substantial com-
17 mitments in additional resources and contributions,
18 including the creation of new or expanded business
19 activities, and

20 “(5) the nominated areas which best exhibit
21 such other factors determined by the Secretary of
22 the Treasury as are—

23 “(A) consistent with the intent of the rural
24 development investment zone program, and

1 “(B) important to minimizing the unneces-
2 sary loss of tax revenues to the Federal Govern-
3 ment.

4 “(f) DEFINITIONS.—For the purposes of this title—

5 “(1) GOVERNMENTS.—If more than 1 govern-
6 ment seeks to nominate an area as a rural develop-
7 ment investment zone, any reference to, or require-
8 ment of, this section shall apply to all such govern-
9 ments.

10 “(2) STATE.—The term ‘State’ shall also in-
11 clude the Commonwealth of Puerto Rico, the Virgin
12 Islands, Guam, American Samoa, the Common-
13 wealth of the Northern Mariana Islands, the Repub-
14 lic of the Marshall Islands, the Federated States of
15 Micronesia, the Republic of Palau; and any other
16 possession of the United States.

17 “(3) LOCAL GOVERNMENT.—The term ‘local
18 government’ means—

19 “(A) any county, city, town, township, par-
20 ish, village, or other general purpose political
21 subdivision of a State, and

22 “(B) any combination of political subdivi-
23 sions described in subparagraph (A) recognized
24 by the Secretary of the Treasury.”

1 (b) CONFORMING AMENDMENT.—The table of sub-
 2 chapters for chapter 80 is amended by adding at the end
 3 thereof the following new item:

“Subchapter D. Designation of rural development investment
 zones.”

4 **SEC. 102. EVALUATION AND REPORTING REQUIREMENTS.**

5 Not later than the close of the third calendar year
 6 after the calendar year in which the Secretary of the
 7 Treasury first designates areas as rural development in-
 8 vestment zones under section 7881 of the Internal Reve-
 9 nue Code of 1986, and at the close of each third calendar
 10 year thereafter, the Secretary of the Treasury shall pre-
 11 pare and submit to the Congress a report on the effects
 12 of such designation in accomplishing the purposes of this
 13 Act.

14 **SEC. 103. INTERACTION WITH OTHER FEDERAL PROGRAMS.**

15 (a) TAX REDUCTIONS.—Any reduction of taxes under
 16 any required program of State and local commitment
 17 under section 7881(d) of the Internal Revenue Code of
 18 1986 shall be disregarded in determining the eligibility of
 19 a State or local government for, or the amount or extent
 20 of, any assistance or benefits under any law of the United
 21 States.

22 (b) COORDINATION WITH RELOCATION ASSIST-
 23 ANCE.—The designation of a rural development invest-

1 ment zone under section 7881 of the Internal Revenue
2 Code of 1986 shall not—

3 (1) constitute approval of a Federal or federally
4 assisted program or project (within the meaning of
5 the Uniform Relocation Assistance and Real Prop-
6 erty Acquisition Policies Act of 1970 (42 U.S.C.
7 4601 et seq.)), or

8 (2) entitle any person displaced from real prop-
9 erty located in such zone to any rights or any bene-
10 fits under such Act.

11 (c) COORDINATION WITH ENVIRONMENTAL POL-
12 ICY.—Designation of a rural development investment zone
13 under section 7881 of the Internal Revenue Code of 1986
14 shall not constitute a Federal action for purposes of apply-
15 ing the requirements of the National Environmental Pol-
16 icy Act of 1969 (42 U.S.C. 4321 et seq.) or other provi-
17 sions of Federal law relating to the protection of the envi-
18 ronment.

19 **TITLE II—FEDERAL INCOME TAX** 20 **INCENTIVES**

21 **Subtitle A—Credits for Employers**

22 **SEC. 201. CREDIT FOR RURAL DEVELOPMENT INVESTMENT** 23 **ZONE EMPLOYERS.**

24 (a) CREDIT FOR INCREASED RURAL DEVELOPMENT
25 INVESTMENT ZONE EMPLOYMENT.—Subpart B of part

1 IV of subchapter A of chapter 1 (relating to foreign tax
2 credit, etc.) is amended by inserting after section 30 the
3 following new section:

4 **“SEC. 30A. CREDIT FOR RURAL DEVELOPMENT INVEST-**
5 **MENT ZONE EMPLOYMENT.**

6 “(a) IN GENERAL.—There shall be allowed as a cred-
7 it against the tax imposed by this chapter for the taxable
8 year an amount equal to 10 percent of the qualified in-
9 creased employment expenditures of the taxpayer for the
10 taxable year.

11 “(b) LIMITATIONS BASED ON AMOUNT OF TAX.—

12 “(1) IN GENERAL.—The credit allowed by sub-
13 section (a) for a taxable year shall not exceed the ex-
14 cess (if any) of—

15 “(A) the regular tax liability for the tax-
16 able year reduced by the sum of the credits al-
17 lowable under subpart A and sections 27, 28,
18 29, 30, over

19 “(B) the tentative minimum tax for the
20 taxable year.

21 “(2) CARRYBACK AND CARRYOVER OF UNUSED
22 CREDIT.—

23 “(A) ALLOWANCE OF CREDIT.—If the
24 amount of the credit determined under this sec-
25 tion for any taxable year exceeds the limitation

1 provided by paragraph (1) for such taxable year
2 (hereinafter in this paragraph referred to as the
3 ‘unused credit year’), such excess shall be—

4 “(i) a rural development investment
5 zone employment credit carryback to each
6 of the 3 taxable years preceding the un-
7 used credit year, and

8 “(ii) a rural development investment
9 zone employment credit carryover to each
10 of the 15 taxable years following the un-
11 used credit year,

12 and shall be added to the amount allowable as
13 a credit by this section for such years. If any
14 portion of such excess is a carryback to a tax-
15 able year beginning before January 1, 1993,
16 this section shall be deemed to have been in ef-
17 fect for such taxable year for purposes of allow-
18 ing such carryback as a credit under this sec-
19 tion. The entire amount of the unused credit
20 for an unused credit year shall be carried to the
21 earliest of the 18 taxable years to which (by
22 reason of clauses (i) and (ii)) such credit may
23 be carried, and then to each of the other 17
24 taxable years to the extent that, because of the
25 limitation contained in subparagraph (B), such

1 unused credit may not be added for a prior tax-
2 able year to which such unused credit may be
3 carried.

4 “(B) LIMITATION.—The amount of the un-
5 used credit which may be added under subpara-
6 graph (A) for any preceding or succeeding tax-
7 able year shall not exceed the amount by which
8 the limitation provided by paragraph (1) for
9 such taxable year exceeds the sum of—

10 “(i) the credit allowable under this
11 section for such taxable year, and

12 “(ii) the amounts which, by reason of
13 this paragraph, are added to the amount
14 allowable for such taxable year and which
15 are attributable to taxable years preceding
16 the unused credit year.

17 “(c) QUALIFIED INCREASED EMPLOYMENT EXPEND-
18 ITURES DEFINED.—For purposes of this section—

19 “(1) IN GENERAL.—The term ‘qualified in-
20 creased employment expenditures’ means the lesser
21 of—

22 “(A) the increased zone employment ex-
23 penditures, or

24 “(B) the increased aggregate employment
25 expenditures.

1 “(2) INCREASED ZONE EMPLOYMENT EXPENDI-
2 TURES.—The term ‘increased zone employment ex-
3 penditures’ means, with respect to any rural develop-
4 ment investment zone, the excess of—

5 “(A) the qualified wages paid or incurred
6 by the employer during the taxable year to
7 qualified employees with respect to such zone,
8 over

9 “(B) the base period wages of the em-
10 ployer with respect to such zone.

11 “(3) INCREASED AGGREGATE EMPLOYMENT EX-
12 PENDITURES.—The term ‘increased aggregate em-
13 ployment expenditures’ means the excess of—

14 “(A) the qualified wages paid or incurred
15 by the employer during the taxable year to all
16 employees, over

17 “(B) the base period wages of the em-
18 ployer.

19 “(4) LIMITATION AS TO QUALIFIED WAGES
20 TAKEN INTO ACCOUNT.—The amount of any quali-
21 fied wages taken into account under this subsection
22 for any taxable year with respect to any employee
23 may not exceed 2.5 times the dollar limitation in ef-
24 fect under section 3306(b)(1) for the calendar year
25 with or within which such taxable year ends.

1 “(5) BASE PERIOD WAGES.—

2 “(A) IN GENERAL.—The term ‘base period
3 wages’ means, with respect to any rural devel-
4 opment investment zone, the amount of wages
5 paid to employees during the 12-month period
6 preceding the date on which the rural develop-
7 ment investment zone was designated as such
8 under section 7881, or the date on which the
9 rural development investment zone is des-
10 ignated under State law, enacted after January
11 1, 1981, if earlier, which would have been quali-
12 fied wages paid to qualified employees if such
13 designation had been in effect for such period.

14 “(B) RULES OF SPECIAL APPLICATION.—
15 For purposes of subparagraph (A)—

16 “(i) subsection (e)(1) shall be applied
17 by substituting ‘12-month period’ for ‘tax-
18 able year’ each place it appears, and

19 “(ii) the dollar limitation taken into
20 account under paragraph (2) in computing
21 qualified wages shall be the amount in ef-
22 fect for taxable year for which the
23 amount of the credit under subsection (a)
24 is being computed.

1 “(d) QUALIFIED WAGES DEFINED.—For purposes of
2 this section—

3 “(1) IN GENERAL.—Except as otherwise pro-
4 vided in this subsection, the term ‘qualified wages’
5 has the meaning given to the term ‘wages’ by sub-
6 section (b) of section 3306 (determined without re-
7 gard to any dollar limitation contained in such sec-
8 tion).

9 “(2) REDUCTION FOR CERTAIN FEDERALLY
10 FUNDED PAYMENTS.—For purposes of this section
11 the wages paid or incurred by an employer for any
12 period shall not include the amount of any Federally
13 funded payments the employer receives or is entitled
14 to receive for on-the-job training of such individual
15 for such period.

16 “(3) SPECIAL RULES FOR AGRICULTURAL AND
17 RAILWAY LABOR.—Under regulations prescribed by
18 the Secretary, rules similar to the rules of section
19 51(h) shall apply with respect to services described
20 in subparagraphs (A) and (B) of section 51(h)(1).

21 “(e) QUALIFIED EMPLOYEE DEFINED.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘qualified employee’ means an individ-
24 ual—

1 “(A) at least 90 percent of whose services
 2 for the employer during the taxable year are di-
 3 rectly related to the conduct of the employer’s
 4 trade or business located in a rural development
 5 investment zone, and

6 “(B) who performs at least 50 percent of
 7 his services for the employer during the taxable
 8 year in a rural development investment zone.

9 “(2) EXCEPTION FOR INDIVIDUALS WITH RE-
 10 SPECT TO WHOM CREDIT IS DETERMINED UNDER
 11 SECTION 51(a).—The term ‘qualified employee’ shall
 12 not include an individual with respect to whom any
 13 credit for the employer is determined under section
 14 51(a) for the taxable year (relating to targeted jobs
 15 credit).

16 “(f) SPECIAL RULES.—For purposes of this sec-
 17 tion—

18 “(1) APPLICATION TO CERTAIN ENTITIES,
 19 ETC.—Under regulations prescribed by the Sec-
 20 retary, rules similar to the rules of section 52 (other
 21 than subsection (b) thereof) and section 30(f)(3) (as
 22 in effect before the enactment of the Tax Reform
 23 Act of 1986) shall apply.

24 “(2) PERIODS OF LESS THAN A YEAR.—If des-
 25 ignation of an area as a rural development invest-

1 ment zone under section 7881 occurs, expires, or is
2 revoked on a date other than the first or last day
3 of the taxable year of the taxpayer, or in the case
4 of a short taxable year—

5 “(A) the limitation specified in subsection
6 (c)(2), and the base period wages determined
7 under subsection (c)(3), shall be adjusted on a
8 pro rata basis (based upon the number of
9 days), and

10 “(B) the reduction specified in subsection
11 (d)(2) and the 90 percent and 50 percent tests
12 set forth in subsection (e)(1) shall be deter-
13 mined by reference to the portion of the taxable
14 year during which the designation of the area
15 as a rural development investment zone is in ef-
16 fect.

17 “(g) PHASEOUT OF CREDIT.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), in determining the amount of the credit
20 for a taxable year under subsection (a) with respect
21 to qualified wages paid or incurred for services per-
22 formed in a rural development investment zone, the
23 following percentages shall be substituted for ‘10
24 percent’ in subsection (a):

25 “(A) 7.5 percent in the earlier of—

1 “(i) the taxable year which includes
2 the date which is 21 years after the date
3 on which such rural development invest-
4 ment zone was designated under section
5 7881, or

6 “(ii) the taxable year which includes
7 the date which is 4 years before the date
8 (if any) on which such rural development
9 investment zone ceases to be a zone under
10 section 7881(b)(1)(B),

11 “(B) 5 percent in the next succeeding tax-
12 able year,

13 “(C) 2.5 percent in the second next suc-
14 ceeding taxable year, and

15 “(D) zero thereafter.

16 “(2) REVOCATION OF DESIGNATION.—If the
17 designation of an area as a rural development in-
18 vestment zone is revoked under section 7881(b)(2),
19 such area shall continue to be treated as a rural de-
20 velopment investment zone for the period of 3 tax-
21 able years beginning after the date of such revoca-
22 tion except that only the allowable percentage of the
23 amount of the credit which would (but for this para-
24 graph) be allowable under this section for such a
25 year shall be allowed. For purposes of the preceding

1 sentence, the term ‘allowable percentage’ means the
 2 amount determined in accordance with the following
 3 table:

“If the taxable year beginning after the revocation is:	The allowable percentage is:
The first such year	75
The second such year	50
The third such year	25.

4 “(h) REGULATIONS.—The Secretary shall prescribe
 5 such regulations as may be necessary to carry out the pur-
 6 poses of this section, including regulations to prevent the
 7 abuse of such purposes by denying the credit allowable
 8 under this section to employers which relocate their busi-
 9 nesses in a rural development investment zone while dis-
 10 placing former employees or which otherwise conduct their
 11 businesses so as to take advantage of the credit allowable
 12 by this section without furthering such purposes.”

13 (b) NO DEDUCTION ALLOWED.—Section 280C (re-
 14 lating to disallowance of deductions for certain expenses
 15 for which credits are allowable) is amended by adding at
 16 the end thereof the following new subsection:

17 “(d) RULE FOR SECTION 30A CREDITS.—No deduc-
 18 tion shall be allowed for that portion of the wages or sala-
 19 ries paid or incurred for the taxable year which is equal
 20 to the amount of the credit allowable under section 30A
 21 (relating to the employment credit for rural development
 22 investment zone businesses). This subsection shall be ap-

1 plied under a rule similar to the rule under the last sen-
 2 tence of subsection (a).”

3 (c) TECHNICAL AMENDMENTS RELATED TO CARRY-
 4 OVER AND CARRYBACK OF CREDITS.—

5 (1) CARRYOVER OF CREDIT.—

6 (A) Subsection (c) of section 381 (relating
 7 to items of the distributor or transferor cor-
 8 poration) is amended by adding at the end
 9 thereof the following new paragraph:

10 “(26) CREDIT UNDER SECTION 30A.—The ac-
 11 quiring corporation shall take into account (to the
 12 extent proper to carry out the purposes of this sec-
 13 tion and section 30A, and under such regulations as
 14 may be prescribed by the Secretary) the items re-
 15 quired to be taken into account for purposes of sec-
 16 tion 30A in respect to the distributor or transferor
 17 corporation.”

18 (B) Paragraph (2) of section 383(a) (relat-
 19 ing to special limitations on certain excess cred-
 20 its, etc.) is amended by redesignating subpara-
 21 graphs (A) and (B) as subparagraphs (B) and
 22 (C), respectively, and by inserting before sub-
 23 paragraph (B) (as so redesignated) the follow-
 24 ing new subparagraph:

1 “(A) any unused rural development invest-
2 ment zone employment credit under section
3 30A,”.

4 (2) CARRYBACK OF CREDIT.—

5 (A) Subparagraph (C) of section
6 6511(d)(4) (defining credit carryback) is
7 amended by inserting “any rural development
8 investment zone employment credit under sec-
9 tion 30A(b) and” after “means”.

10 (B) Subsection (a) of section 6411 (relat-
11 ing to tentative carryback and refund adjust-
12 ments) is amended—

13 (i) by inserting “by a rural develop-
14 ment investment zone employment credit
15 carryback under section 30A,” after
16 “172(b),” in the first sentence, and

17 (ii) by striking out “net capital loss”
18 the first place it appears in the second sen-
19 tence and all that follows before “in the
20 manner and form” and inserting in lieu
21 thereof the following: “net capital loss, un-
22 used rural development investment zone
23 employment credit, or unused business
24 credit from which the carryback results
25 and within a period of 12 months after

1 such taxable year or, with respect to any
 2 portion of a rural development investment
 3 zone employment credit carryback or busi-
 4 ness credit carryback attributable to a net
 5 operating loss carryback or a net capital
 6 loss carryback from a subsequent taxable
 7 year, within a period of 12 months from
 8 the end of such subsequent taxable year or,
 9 with respect to any portion of a business
 10 credit carryback attributable to a rural de-
 11 velopment investment zone employment
 12 credit carryback from a subsequent taxable
 13 year within a period of 12 months from
 14 the end of such subsequent taxable year,”.

15 (C) Paragraph (1) of section 6411(a) is
 16 amended by inserting “unused rural develop-
 17 ment investment zone employment credit,” after
 18 “net capital loss,”.

19 (d) CLERICAL AMENDMENT.—The table of sections
 20 for subpart B of part IV of subchapter A of chapter 1
 21 is amended by adding after the item relating to section
 22 30 the following new item:

“Sec. 30A. Credit for rural development investment zone employ-
 ment.”

1 (e) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1992.

4 **Subtitle B—Credits for Investment**
 5 **in Tangible Property in Rural**
 6 **Development Investment Zones**

7 **SEC. 211. INVESTMENT TAX CREDIT FOR NEW RURAL DE-**
 8 **VELOPMENT INVESTMENT ZONE CONSTRUC-**
 9 **TION PROPERTY.**

10 (a) ALLOWANCE OF INVESTMENT CREDIT.—Section
 11 46 (relating to amount of credit) is amended by striking
 12 “and” at the end of paragraph (2), by striking the period
 13 at the end of paragraph (3) and inserting “, and”, and
 14 by adding at the end thereof the following new paragraph:

15 “(4) the rural development investment zone
 16 credit.”

17 (b) RURAL DEVELOPMENT INVESTMENT ZONE
 18 CREDIT.—Section 48 is amended by adding at the end
 19 thereof the following new subsection:

20 “(c) RURAL DEVELOPMENT INVESTMENT ZONE
 21 CREDIT.—

22 “(1) IN GENERAL.—For purposes of section 46,
 23 the rural development investment zone credit for any
 24 taxable year is the applicable percentage of the basis
 25 of each new rural development investment zone con-

1 construction property placed in service during such tax-
2 able year.

3 “(2) APPLICABLE PERCENTAGE.—

4 “(A) IN GENERAL.—The applicable per-
5 centage is the percentage equal to the product
6 of—

7 “(i) 10 percent, and

8 “(ii) the taxpayer’s employment
9 growth success percentage for the taxable
10 year in which the property is placed in
11 service with respect to the rural develop-
12 ment investment zone in which such prop-
13 erty is placed in service.

14 “(B) EMPLOYMENT GROWTH SUCCESS
15 PERCENTAGE.—For purposes of subparagraph
16 (A), the employment growth success percentage
17 with respect to a rural development investment
18 zone for any taxable year is the percentage (but
19 not over 100 percent) which—

20 “(i) the employment growth percent-
21 age of the taxpayer with respect to such
22 zone for such year, bears to

23 “(ii) the target employment growth
24 percentage.

1 “(C) EMPLOYMENT GROWTH PERCENT-
2 AGE.—For purposes of subparagraph (B), the
3 employment growth percentage with respect to
4 a rural development investment zone for any
5 taxable year is the average annual percentage
6 which—

7 “(i) the qualified increased employ-
8 ment expenditures (as defined in section
9 30A) with respect to such zone for each
10 taxable year beginning after the base pe-
11 riod and before the taxable year for which
12 the credit is being determined, bears to

13 “(ii) the base period wages (as defined
14 in such section) of the employer

15 “(D) TARGET GROWTH EMPLOYMENT PER-
16 CENTAGE.—For purposes of this paragraph, the
17 target growth employment percentage is 5 per-
18 cent.

19 “(E) PHASEOUT OF CREDIT AS DEVELOP-
20 MENT INVESTMENT ZONE ENDS.—Subpara-
21 graph (A) shall be applied by substituting the
22 following percentages for 10 percent:

23 “(i) For the taxable year described in
24 section 30A(g)(1)(A), 7.5.

1 “(ii) For the next succeeding taxable
2 year, 5.

3 “(iii) For the second succeeding tax-
4 able year, 2.5.

5 “(iv) For any subsequent taxable
6 year, zero.”

7 “(3) NEW RURAL DEVELOPMENT INVESTMENT
8 ZONE CONSTRUCTION PROPERTY.—For purposes of
9 this subsection, the term ‘new rural development in-
10 vestment zone construction property’ means property
11 which is—

12 “(A) located in a rural development invest-
13 ment zone,

14 “(B) nonresidential real property, residen-
15 tial rental real property, or real property which
16 has a class life of more than 12.5 years (as
17 such terms are defined in section 168),

18 “(C) used by the taxpayer predominantly
19 in the active conduct of a trade or business
20 within a rural development investment zone,
21 and

22 “(D) either—

23 “(i) the construction, reconstruction,
24 rehabilitation, renovation, expansion, or
25 erection of which is completed by the tax-

1 payer during the period the designation as
2 a zone is in effect under section 7881, or
3 “(ii) acquired during such period if
4 the original use of such property com-
5 mences with the taxpayer and commences
6 during such period.

7 “(4) SPECIAL RULES.—

8 “(A) PROPERTY INELIGIBLE IF ACQUIRED
9 FROM RELATED PERSON.—The term ‘new rural
10 development investment zone construction prop-
11 erty’ shall not include property acquired (di-
12 rectly or indirectly) by the taxpayer from a per-
13 son who is related to the taxpayer (within the
14 meaning of section 465(b)(3)(C)).

15 “(B) CREDIT FOR PROGRESS EXPENDI-
16 TURES ALLOWABLE BUT ONLY BASIS ATTRIB-
17 UTABLE TO CONSTRUCTION DURING PERIOD
18 TAKEN INTO ACCOUNT.—Rules similar to the
19 rules of section 47(d) shall apply but in apply-
20 ing such rules in the case of property described
21 in paragraph (1)(D)(i), there shall be taken
22 into account only that portion of the basis
23 which is properly attributable to the activities
24 described in such paragraph carried on during
25 such period.

1 “(3) REAL ESTATE RENTAL.—For purposes of
2 this section, ownership of residential, commercial, or
3 industrial real property within a rural development
4 investment zone for rental shall be treated as the ac-
5 tive conduct of a trade or business in a rural devel-
6 opment investment zone.”

7 (d) LODGING TO QUALIFY.—Paragraph (2) of section
8 50(b) (relating to property used for lodging) is amended—

9 (1) by striking out “and” at the end of sub-
10 paragraph (C),

11 (2) by striking out the period at the end of sub-
12 paragraph (D) and inserting in lieu thereof “, and,”
13 and

14 (3) by adding at the end thereof the following
15 new subparagraph:

16 “(E) new rural development investment
17 zone construction property.”

18 (e) RECAPTURE.—Subsection (a) of section 50 (relat-
19 ing to certain dispositions, etc., of investment credit prop-
20 erty) is amended by adding at the end thereof the follow-
21 ing new paragraph:

22 “(6) SPECIAL RULES FOR NEW RURAL DEVEL-
23 OPMENT INVESTMENT ZONE CONSTRUCTION PROP-
24 ERTY.—

1 “(A) IN GENERAL.—If, during any taxable
 2 year, property with respect to which the tax-
 3 payer claimed a rural development investment
 4 zone credit is disposed of, the tax under this
 5 chapter for such taxable year shall be increased
 6 by the amount described in subparagraph (B).

7 “(B) AMOUNT OF INCREASE.—The in-
 8 crease in tax under subparagraph (A) shall
 9 equal the aggregate decrease in the credits al-
 10 lowed under section 38 by reason of section
 11 46(4) for all prior taxable years which would
 12 have resulted solely from reducing the expendi-
 13 tures taken into account with respect to the
 14 property by an amount which bears the same
 15 ratio to such expenditures as the number of
 16 taxable years that the property was held by the
 17 taxpayer bears to the applicable recovery period
 18 under section 168(g).”

19 (f) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to periods after December 31,
 21 1992, under rules similar to the rules of section 48(m)
 22 of the Internal Revenue Code of 1986 (as in effect before
 23 its repeal by the Revenue Reconciliation Act of 1990).

1 **Subtitle C—Rural Development**
 2 **Investment Zone Bonds**

3 **SEC. 221. RURAL DEVELOPMENT INVESTMENT ZONE**
 4 **BONDS.**

5 Subsection (a) of section 144 (relating to qualified
 6 small issue bonds) is amended by adding at the end there-
 7 of the following new paragraph:

8 “(13) RURAL DEVELOPMENT INVESTMENT
 9 ZONE BONDS.—

10 “(A) IN GENERAL.—Paragraph (12) shall
 11 not apply to any rural development investment
 12 zone bond.

13 “(B) RURAL DEVELOPMENT INVESTMENT
 14 ZONE BOND.—For purposes of subparagraph
 15 (A), the term ‘rural development investment
 16 zone bond’ means any bond issued as part of an
 17 issue if—

18 “(i) such bond is a qualified small
 19 issue bond (determined without regard to
 20 paragraphs (8)(A) and (12)),

21 “(ii) 95 percent or more of the net
 22 proceeds of the issue are to provide facili-
 23 ties in a rural development investment
 24 zone, and

1 “(iii) the issue meets the requirements
2 of subparagraphs (C), (D), and (E).

3 “(C) PERIOD TO SPEND PROCEEDS.—

4 “(i) GENERAL RULE.—An issue meets
5 the requirements of this subparagraph only
6 if the proceeds are spent for the govern-
7 mental purposes of the issue within 18
8 months after the date of the issuance of
9 the bond.

10 “(ii) EXCEPTION.—Clause (i) shall
11 not apply to any issue if—

12 “(I) the issuer pays a penalty
13 equal to 3 percent of the amount of
14 available proceeds of the issue which
15 is not spent for the governmental pur-
16 poses of the issue as of the close of
17 such 18-month period, and

18 “(II) the issuer redeems such
19 bond not later than 24 months after
20 the date of the issuance of the bond.

21 “(D) ACQUISITION OF LAND NOT PER-
22 MITTED.—An issue meets the requirements of
23 this subparagraph only if no portion of the pro-
24 ceeds of the issue is used to acquire land (or
25 any interest therein).

1 “(E) REPAYMENTS; EFFECTIVE RATE OF
2 INTEREST ON LOANS.—

3 “(i) IN GENERAL.—An issue meets
4 the requirements of this subparagraph only
5 if, with respect to loans financed by such
6 issue—

7 “(I) repayments of principal are
8 used not later than the close of the
9 1st semiannual period beginning after
10 the date the repayment is received to
11 redeem bonds which are part of such
12 issue, and

13 “(II) the effective rate of interest
14 does not exceed the yield on the issue
15 by more than 0.125 percentage points.

16 In determining the effective rate of interest
17 for purposes of subclause (II), there shall
18 be taken into account all fees, charges, and
19 other amounts (other than amounts for
20 any credit report) borne by the borrower
21 which are attributable to the loan or the
22 bond issue.

23 “(ii) DE MINIMIS REDEMPTIONS NOT
24 REQUIRED.—Clause (i) shall not be con-
25 strued to require amounts of less than

1 \$250,000 to be used to redeem bonds. The
2 Secretary may by regulation treat related
3 issues as 1 issue for purposes of the pre-
4 ceding sentence.

5 “(F) PENALTY.—

6 “(i) IN GENERAL.—In the case of
7 property with respect to which financing
8 was provided under this paragraph, if, at
9 any time during the 10-year period begin-
10 ning on the date such financing was pro-
11 vided, substantially all of the use of such
12 property ceases to be in a rural develop-
13 ment investment zone, there is hereby im-
14 posed on the trade or business to which
15 such financing was provided a penalty
16 equal to 1.25 percent of so much of the
17 face amount of all financing provided
18 (whether or not from the same issue and
19 whether or not such issue is outstanding)
20 before such cessation to the trade or busi-
21 ness using such property.

22 “(ii) NO PENALTY BY REASON OF
23 ZONE TERMINATION.—No penalty shall be
24 imposed under clause (i) solely by reason

1 of the termination or revocation of a tax
2 enterprise zone designation.

3 “(iii) EXCEPTION FOR BANK-
4 RUPTCY.—Clause (i) shall not apply to any
5 cessation resulting from bankruptcy.”.

6 **TITLE III—ESTABLISHMENT OF**
7 **FOREIGN-TRADE ZONES IN**
8 **RURAL DEVELOPMENT IN-**
9 **VESTMENT ZONES**

10 **SEC. 301. FOREIGN-TRADE ZONE PREFERENCES.**

11 (a) PREFERENCE IN ESTABLISHMENT OF FOREIGN-
12 TRADE ZONES IN REVITALIZATION AREAS.—In process-
13 ing applications for the establishment of foreign-trade
14 zones pursuant to an Act entitled “To provide for the es-
15 tablishment, operation, and maintenance of foreign-trade
16 zones in ports of entry of the United States, to expedite
17 and encourage foreign commerce, and for other purposes”,
18 approved June 18, 1934 (48 Stat. 998), the Foreign-
19 Trade Zone Board shall consider on a priority basis and
20 expedite, to the maximum extent possible, the processing
21 of any application involving the establishment of a foreign-
22 trade zone within a rural development investment zone
23 designated pursuant to section 7881 of the Internal Reve-
24 nue Code of 1986.

1 (b) APPLICATION PROCEDURE.—In processing appli-
2 cations for the establishment of ports of entry pursuant
3 to an Act entitled “An Act making appropriations for sun-
4 dry civil expenses of the Government for the fiscal year
5 ending June thirtieth, nineteen hundred and fifteen, and
6 for other purposes”, approved August 1, 1914 (38 Stat.
7 609), the Secretary of the Treasury shall consider on a
8 priority basis and expedite, to the maximum extent pos-
9 sible, the processing of any application involving the estab-
10 lishment of a port of entry which is necessary to permit
11 the establishment of a foreign-trade zone within a rural
12 development investment zone (as so designated).

13 (c) APPLICATION EVALUATION.—In evaluating appli-
14 cations for the establishment of foreign-trade zones and
15 ports of entry in connection with rural development invest-
16 ment zones (as so designated), the Foreign-Trade Zone
17 Board and the Secretary of the Treasury shall approve
18 the applications to the maximum extent practicable, con-
19 sistent with their respective statutory responsibilities.

1 **TITLE IV—RESPONSIBILITIES OF**
 2 **FEDERAL AGENCIES IN**
 3 **RURAL DEVELOPMENT IN-**
 4 **VESTMENT ZONES; REGU-**
 5 **LATORY FLEXIBILITY**

6 **SEC. 401. RESPONSIBILITIES OF FEDERAL AGENCIES IN**
 7 **RURAL DEVELOPMENT INVESTMENT ZONES.**

8 (a) IN GENERAL.—To the extent permitted by law
 9 and consistent with its primary mission, each Federal
 10 agency (as defined in section 551(1) of title 5, United
 11 States Code) shall seek to provide special assistance to
 12 rural development investment zones designated pursuant
 13 to section 7881 of the Internal Revenue Code of 1986.
 14 Such assistance may include, but is not limited to—

- 15 (1) expedited processing,
- 16 (2) priority funding,
- 17 (3) program set-asides, and
- 18 (4) provision of technical assistance in further-
- 19 ance of the purposes set forth in section 2 of this
- 20 Act.

21 (b) REGULATIONS.—The head of each Federal agen-
 22 cy, after consultation with the Secretary of Agriculture
 23 shall prescribe such regulations as may be necessary or
 24 appropriate to carry out the purposes of this section.

1 **SEC. 402. DEFINITION OF SMALL ENTITIES IN RURAL DE-**
2 **VELOPMENT INVESTMENT ZONES FOR PUR-**
3 **POSES OF ANALYSIS OF REGULATORY FUNC-**
4 **TIONS.**

5 Section 601 of title 5, United States Code, is
6 amended—

7 (1) by striking out “and” at the end of para-
8 graph (5); and

9 (2) by striking out paragraph (6) and inserting
10 in lieu thereof the following:

11 “(6) the term ‘small entity’ means—

12 “(A) a small business, small organization,
13 or small governmental jurisdiction within the
14 meaning of paragraphs (3), (4), and (5) of this
15 section, respectively; and

16 “(B) any qualified rural development in-
17 vestment zone business; any governments which
18 designated and approved an area which has
19 been designated as a rural development invest-
20 ment zone (within the meaning of section 7881
21 of the Internal Revenue Code of 1986) to the
22 extent any rule pertains to the carrying out of
23 projects, activities, or undertakings within such
24 zone; and any not-for-profit development invest-
25 ment carrying out a significant portion of its
26 activities within such a zone; and

1 “(7) the term ‘qualified rural development in-
2 vestment zone business’ means any person, corpora-
3 tion, or other entity—

4 “(A) which is engaged in the active con-
5 duct of a trade or business within a rural devel-
6 opment investment zone (within the meaning of
7 section 7881 of the Internal Revenue Code of
8 1986); and

9 “(B) for whom at least 50 percent of its
10 employees are qualified employees (within the
11 meaning of section 30A(e) of such Code).”

12 **SEC. 403. WAIVER OR MODIFICATION OF AGENCY RULES IN**
13 **RURAL DEVELOPMENT INVESTMENT ZONES.**

14 (a) Chapter 6 of title 5, United States Code, is
15 amended by redesignating sections 611 and 612 as sec-
16 tions 612 and 613, respectively, and inserting the follow-
17 ing new section immediately after section 610:

18 **“§ 611. Waiver or modification of agency rules in**
19 **rural development investment zones**

20 “(a) Upon the written request of the governments
21 which designated and approved an area which has been
22 designated as a rural development investment zone under
23 section 7881 of the Internal Revenue Code of 1986, an
24 agency is authorized, in order to further the job creation,
25 community development, or economic revitalization objec-

1 tives of the zone, to waive or modify all or part of any
2 rule which it has authority to promulgate, as such rule
3 pertains to the carrying out of projects, activities or un-
4 dertakings within the zone.

5 “(b) Nothing in this section shall authorize an agency
6 to waive or modify any rule adopted to carry out a statute
7 or Executive order which prohibits, or the purpose of
8 which is to protect persons against, discrimination on the
9 basis of race, color, religion, sex, marital status, national
10 origin, age, or handicap.

11 “(c) A request under subsection (a) shall specify the
12 rule or rules to be waived or modified and the change pro-
13 posed, and shall briefly describe why the change would
14 promote the achievement of the job creation, community
15 development, or economic revitalization objectives of the
16 rural development investment zone. If a request is made
17 to an agency other than the Department of the Treasury,
18 the requesting governments shall send a copy of the re-
19 quest to the Secretary of the Treasury at the time the
20 request is made.

21 “(d) In considering a request, the agency shall weigh
22 the extent to which the proposed change is likely to further
23 job creation, community development, or economic revital-
24 ization within the rural development investment zone
25 against the effect the change is likely to have on the un-

1 derlying purposes of applicable statutes in the geographic
2 area which would be affected by the change. The agency
3 shall approve the request whenever it finds, in its discre-
4 tion, that the public interest which the proposed change
5 would serve in furthering such job creation, community
6 development, or economic revitalization outweighs the
7 public interest which continuation of the rule unchanged
8 would serve in furthering such underlying purposes. The
9 agency shall not approve any request to waive or modify
10 a rule if that waiver or modification would—

11 “(1) directly violate a statutory requirement
12 (including any requirement of the Fair Labor Stand-
13 ards Act of 1938 (52 Stat. 1060; 29 U.S.C. 201 et
14 seq.)); or

15 “(2) be likely to present a significant risk to the
16 public health, including environmental health or
17 safety, such as a rule with respect to occupational
18 safety or health, or environmental pollution.

19 “(e) If a request is disapproved, the agency shall in-
20 form the requesting governments in writing of the reasons
21 therefor and shall, to the maximum extent possible, work
22 with such governments to develop an alternative, consist-
23 ent with the standards contained in subsection (d).

24 “(f) Agencies shall discharge their responsibilities
25 under this section in an expeditious manner, and shall

1 make a determination on requests not later than 90 days
2 after their receipt.

3 “(g) A waiver or modification of a rule under sub-
4 section (a) shall not be considered to be a rule, rule-
5 making, or regulation under chapter 5 of this title. To fa-
6 cilitate reaching its decision on any requested waiver or
7 modification, the agency may seek the views of interested
8 parties and, if the views are to be sought, determine how
9 they should be obtained and to what extent, if any, they
10 should be taken into account in considering the request.
11 The agency shall publish a notice in the Federal Register
12 stating any waiver or modification of a rule under this
13 section.

14 “(h) In the event that an agency proposes to amend
15 a rule for which a waiver or modification under this sec-
16 tion is in effect, the agency shall not change the waiver
17 or modification to impose additional requirements unless
18 it determines, consistent with standards contained in sub-
19 section (d), that such action is necessary.

20 “(i) No waiver or modification of a rule under this
21 section shall remain in effect for a longer period than the
22 period for which the rural development investment zone
23 designation remains in effect for the area in which the
24 waiver or modification applies.

1 “(j) For purposes of this section, the term ‘rule’
 2 means (1) any rule as defined in section 551(4) of this
 3 title or (2) any rulemaking conducted on the record after
 4 opportunity for an agency hearing pursuant to sections
 5 556 and 557 of this title.”

6 (b) The table of sections for such chapter is amended
 7 by redesignating the items relating to sections 611 and
 8 612 as sections 612 and 613, respectively, and inserting
 9 the following new item immediately after the item relating
 10 to section 610:

“611. Waiver or modification of agency rules in rural development
 investment zones.”

11 (c) Section 601(2) of such title is amended by insert-
 12 ing “(except for purposes of section 611)” immediately be-
 13 fore “means.”.

14 (d) Section 613 of such title, as redesignated by sub-
 15 section (a) of this section, is amended by—

16 (1) inserting “(except section 611)” imme-
 17 diately after “chapter” in subsection (a); and

18 (2) inserting “as defined in section 601(2)” im-
 19 mediately before the period at the end of the first
 20 sentence of subsection (b).

○

S 1097 IS—2

S 1097 IS—3

S 1097 IS—4